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April 10, 2007

BY E-FILING

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The Honorable Mary Pat Thyng
United States District Court
844 King Street
Wilmington, DE 19801

Re: *Honeywell International Inc., et al v. Apple Computer Inc., et al.*
C.A. Nos. 04-1337, -1338, and -1536-***

Dear Judge Thyng:

I write on behalf of Optrex America, Inc. (“Optrex”) to seek an order compelling testimony from Honeywell International, Inc. and Honeywell Intellectual Properties, Inc. (collectively “Honeywell”) specifically directed to Honeywell’s assertion that its infringement investigation resulted in a 50 % tear-down “hit rate.”

In a hearing before Judge Jordan on September 9, 2005, Honeywell’s in-house counsel David Brafman stated:

Your Honor, this is David Brafman from Honeywell. I’d just like to add one further point which is our tear-down rate, on average it’s about 50 percent hit rate under our belief of infringement across all these products. So it’s not a wild fishing expedition as it is made to sound. It is that we found products, a large percentage of them do hit and we just don’t have access to the models that change every six months.

9/9/05 Tr. (Ex. 1) at 22-23; emphasis added.

By presenting its tear-down hit rate in open court to argue for broad discovery, Honeywell waived any alleged attorney-client privilege or work product protection that might have previously existed with respect to the tear-down hit rate. *See Helman v. Murry’s Steaks, Inc.*, 728 F. Supp. 1099, 1103 (D. Del. 1990) (“The general rule is that **voluntary** disclosure of privileged attorney/client communication constitutes **waiver of the privilege** as to all other such communications on the same subject.”). Similarly, disclosures of conclusions and summaries waive privilege. *See, e.g., Electro Scientific Industries, Inc. v. General Scanning, Inc.*, 175 F.R.D. 539, 543-44 (N.D. Cal. 1997); *United States ex rel Martin Marietta Corp.*, 886 F. Supp. 1243 (D. Md. 1995).

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Despite this waiver, Honeywell's counsel instructed two different witnesses not to answer any questions directed towards confirming or understanding the asserted hit rate. Brafman Depo. Tr. (Ex. 2) at 177-79; Wood (Honeywell's engineer in charge of the tear-down process) Depo. Tr. (Ex. 3) at 123-26. Honeywell placed the hit rate squarely in play and should not be permitted to use that hit rate as a sword and then be shielded from discovery regarding the hit rate. *See Tracinda Corp. v. DaimlerChrysler AG*, 362 F. Supp. 2d 487, 513 (D. Del. 2005) ("[I]t is unfair to allow a party to disclose only those facts beneficial to its case and refuse to disclose, on the grounds of privilege, related facts adverse to its position . . .").

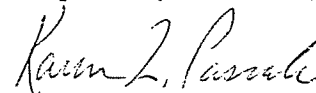
Honeywell's tear-down hit rate directly relates to at least three issues in the case. First, with regard to commercial success, the hit rate is evidence of Honeywell's inability to show the requisite nexus between the accused products' commercial success and the claimed invention. *See* Rovner 3/12/07 letter at 5-7 (D.I. 733). Here, 50% of the products selected by Honeywell (i.e., those Honeywell deemed not to infringe) owe their commercial success to features not covered by the '371 patent.

Second, testimony regarding the hit rate of Honeywell's teardown process relates to laches. Specifically, the hit rate goes to both the ease with which Honeywell could identify potentially infringing products and whether the allegedly infringing activity was of such an "open, notorious" nature that a reasonable patentee should have suspected infringement. *Wanlass v. General Elec. Co.*, 148 F.3d 1334, 1338 (Fed. Cir. 1998).

Finally, the hit rate and related testimony are relevant to the issue of non-infringing alternatives. One of the more important factors necessary to determining a reasonable royalty is the presence of non-infringing alternatives. *Zygo Corp. v. Wyko Corp.*, 79 F.3d 1563, 1571-72 (Fed. Cir. 1996). For example, if only half of the products Honeywell selected for tear-down based on their beneficial viewing characteristics actually contained the allegedly infringing backlight structures, then the other 50% of the products selected may provide evidence of acceptable non-infringing alternatives.

In conclusion, Honeywell waived any privilege or work product protection that might have existed when it voluntarily disclosed and relied on its tear-down hit rate. Accordingly, Optrex requests an order compelling discovery of Honeywell's asserted 50% hit rate.

Respectfully submitted,



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CERTIFICATE OF SERVICE

I, Karen L. Pascale, hereby certify that on April 17, 2007, I caused to be electronically filed a true and correct copy of the foregoing document with the Clerk of Court using CM/ECF which will send notification of such filing to the following counsel of record:

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April 17, 2007

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